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Official says CIA employs grain spies

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WASHINGTON, D.C. — Information on worldwide grain shipments to the Soviet Union is being supplied to the U.S. government by Central Intelligence Agency operatives working inside the large international grain companies, a high official of the U.S. Department of Agriculture said Tuesday.

The USDA official said the CIA's tie with some grain company officials is a key to the U.S. effort to monitor worldwide movements of grain in the wake of the Carter administration's decision to cut off grain sales to the Soviet Union. The USDA has said the government would take strong action against any firms that operate in the United States and participate in illegal trans-shipments of American grain to Russia.

The USDA official said, "It used to be that people involved with the CIA worked for a magazine or a newspaper. Now, they work for a grain company. Grain from all over the world is being watched. We know when grain arrives in port, where it's from and where it goes."

Recent Incident

A recent incident highlighted the CIA's ties with some grain firms, said the USDA official, who asked that his name not be used.

He said a USDA employee recently called a grain company to tip the firm in advance of a U.S. government action that might affect prices of agricultural commodities. This employee, according to the USDA official, inadvertently delivered the information to a grain company official who had CIA ties. The grain company official notified the CIA that a USDA employee was delivering advance information to the firm, but both the CIA and the USDA decided no action should be taken against the Agriculture Department employee.

"If we had taken action against this employee, we would have blown the cover of that CIA man," the USDA official said. Instead, the USDA employee was quietly transferred to a less sensitive job, he said.

Spokesmen for two of the largest international grain firms — Cargill Inc. and Continental Grain Co. — said no officials of the companies were employed by the CIA.

CIA Spokesman

CIA spokesman Dale Peterson said the agency could not comment. But he said the CIA routinely talks with American businessmen and with employees of American firms that do business abroad, collecting information about a wide range of international affairs.

Peterson said, "The CIA absolutely talks to people. It's one of our responsibilities. But these are voluntary situations."

The CIA spokesman said the agency's policy requires company approval before an employee of any American firm is hired to provide information to the CIA.

Clarence Palmby, vice president of Continental Grain, said that he knows of no company employees on the CIA payroll, and he emphasized that the firm has a policy against such activities.

"But if we did [employ persons also working for the CIA], I guess we couldn't tell it. We'd blow their cover," Palmby said.

Point of Entry

Several USDA officials who deal regularly with international grain matters said they had heard reports at various times in the past that the CIA had sources of information within the large grain trading companies. "Some of these large companies have excellent intelligence systems of their own," one USDA expert said. "And from a point of logic, these grain companies were doing business in the Communist world before any other American companies were. These grain companies would have given the CIA a point of entry."

One high grain company official said, "I'll tell you this. The CIA comes in and interviews us. And in the past they've come to us and given us the name of a person in one of our foreign offices and asked if we would object to their hiring this person. We tell them we would object. We don't see how we can win in a situation like

"But we tell them to come in as often as they want. This is our home country and we'll help them. We have an excellent understanding with the CIA. It's clean and aboveboard. They ask us questions, and we give them our feelings about the situation in places where we do business."

An official of another grain firm said, "You can understand that we can't avoid the possibility that somebody in our employ also is working for the CIA without our knowledge."

USDA officials also said Tuesday that the department had received information from CIA sources that some grain companies operating primarily out of Europe had been selling grains and oilseeds to the Russians.

Atlanta Firm

One of the firms, according to USDA officials, is Toepfer Inc. of Hamburg, Germany. Toepfer is partly owned by Gold Kist Inc. of Atlanta, Ga., which has asked the USDA to buy some 65,000 tons of poultry it had contracted to sell to the Soviet Union during 1980.

A high USDA official said Agriculture Secretary Bob Bergland had directed a member of his staff to "call Gold Kist and inform them that if they felt no obligation to honor the embargo on grain, the USDA feels no obligation to buy their chickens."

Gold Kist officials in Atlanta could not be reached for comment.

Commodity News Service last week quoted Gold Kist officials as saying that they had heard reports that Toepfer was selling grain and oilseeds to the Soviets, but that when Gold Kist officials checked with the Hamburg office, they were told the reports were untrue.

USDA officials said no decision has been made on whether to buy the 65,000 tons of poultry from Gold Kist. The situation is controversial within the department, with some objecting to the purchase — which could cost as much as \$97 million — because most of the chickens aren't hatched yet.